

general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of Clarity's Application for a Certificate of Public Convenience and Necessity and of the proposed asset transfer. The Notice of Filing also provided information of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Clarity complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene or letters of protest were received concerning Clarity's Application.

A hearing was commenced on August 13, 1997, at 2:30 p.m., in the Commission's Hearing Room. The Honorable Guy Butler, Chairman, presided. Clarity was represented by Robert T. Bockman, Esquire. Florence P. Belser, Staff Counsel, represented the Commission Staff.

Joyce E. Johnson, Corporate and Regulatory Counsel of Clarity, appeared and offered testimony in support of Clarity's Application. The record reveals that Clarity is a corporation organized under the laws of the State of Delaware and is authorized to transact business in South Carolina as a foreign corporation by the South Carolina Secretary of State. According to Ms. Johnson, Clarity proposes to offer long distance services using resold transmission services of underlying carriers which are duly certified by the Commission. Ms. Johnson explained the Company's request for authority to provide interexchange telecommunications services in South Carolina as a reseller. The

record reveals the Company's services, operations and marketing procedures.

Ms. Johnson also explained that Clarity possesses the technical, financial and managerial abilities to provide its services in South Carolina. Ms. Johnson testified that the Company would operate in accordance with the Commission rules, regulations, guidelines, and Commission Orders. Finally, Ms. Johnson offered that approval of Clarity's application is in the public interest as the existence of resellers will encourage the telecommunications market to develop in a manner which increases efficiency in the utilization of facilities.

Ms. Johnson also discussed the proposed transfer of the long distance resale customer base of EXECUTONE to Clarity. The record reveals that the transfer will be made in a seamless fashion that will not adversely affect the provision of telecommunications services in South Carolina. Further, Clarity offers that EXECUTONE's former customers will continue to receive the same services that they presently receive at the same rate levels.

Counsel for Clarity stated that the Company agreed with suggestions from Staff regarding certain tariff provisions, and Counsel stated that Clarity would file revised tariff pages to comply with Staff's suggested changes.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Clarity is organized as a corporation under the laws of the State of Delaware and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. Clarity operates as a non-facilities based reseller of interexchange services and wishes to provide its services in South Carolina.

3. Clarity has the experience, capability, and financial resources to provide the services as described in its Application.

4. The transfer of assets from EXECUTONE to Clarity as described in the Joint Motion and in the testimony of witness Johnson is in the public interest, and therefore, the Commission approves the requested transfer of assets.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Clarity to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for Clarity for its resale services which includes only maximum rate levels for each

tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Clarity shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Clarity shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1996).

4. If it has not already done so by the date of issuance of this Order, Clarity shall file its revised maximum tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules

and Regulations.

5. Clarity is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. Clarity shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Clarity changes underlying carriers, it shall notify the Commission in writing.

8. With regard to the origination and termination of toll calls within the same LATA, Clarity shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

9. Clarity shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

10. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to

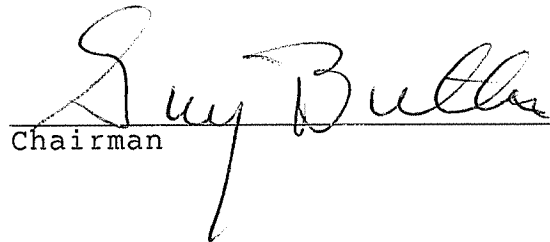
be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

Clarity shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced, and the Company is directed to comply with the Commission regulations unless waived by the Commission.

11. Clarity and EXECUTONE have entered into an agreement whereby Clarity has agreed to purchase selected assets from EXECUTONE. The record reveals that the transfer will be conducted in a manner that is seamless to the current customers of EXECUTONE. Further, Clarity asserts that the transfer will enable Clarity to expand operations thereby offering new and improved services to customers in South Carolina. The Commission finds and concludes that the proposed asset transfer as described in the Joint Motion of Clarity and EXECUTONE is in the public interest and should be, and hereby is, approved.

12. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

DOCKET NO. 97-082-C - ORDER NO. 97-773
SEPTEMBER 9, 1997
ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- * THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR
ENDING _____.
- * THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT
(SEE #3 ABOVE).

SIGNATURE

NAME (PLEASE TYPE OF PRINT)

TITLE

DOCKET NO. 97-082-C - ORDER NO. 97-773
SEPTEMBER 9, 1997
ATTACHMENT B

INFORMATION OF THE AUTHORIZED UTILITY REPRESENTATIVES
FOR INTEREXCHANGE, LOCAL AND AOS COMPANIES

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION
REGULATION 103-612.2.4(b), each utility shall file and
maintain with the Commission the name, title, address, and
telephone number of the persons who should be contacted in
connection with Customer Relations/Complaints.

Company Name/DBA Name

Business Address

City, State, Zip Code

Authorized Utility Representative (Please Print or Type)

Telephone Number

Fax Number

E-Mail Address

This form was completed by

Signature

If you have any questions, contact the Consumer Services
Department at 803-737-5230